



Ninety-Eighth Legislature - First Session - 2003  
**Introducer's Statement of Intent**  
**LB 792**

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**Chairperson:** D. Paul Hartnett  
**Committee:** Urban Affairs  
**Date of Hearing:** February 11, 2003

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

**Nebraska Natural Gas Regulation Act**

The purpose of LB 792 is to establish the Nebraska Natural Gas Regulation Act. This act creates a regulatory structure through which the Public Service Commission (PSC) would regulate public utilities which provide natural gas. Generally speaking, municipally owned or operated natural gas utilities and metropolitan utility districts are not regulated.

Key elements of the bill:

1. The Public Service Commission is given the authority to regulate “the mode and manner of all investigations, tests, audits, inspections, and hearings.”
2. The PSC may conduct investigations it deems necessary on its own initiative.
3. Public utilities desiring to raise rates must work through the PSC in a specifically defined process. Rates are to be established based on “efficient and adequate service.”
4. The Court of Appeals is given exclusive jurisdiction to review any cases arising from a rate hearing requested by either the public utility or the PSC.
5. Public utilities doing business in Nebraska must obtain a certificate of convenience from the PSC.
6. Cities and villages have the power and authority to contract directly with a public utility for natural gas service. Terms and conditions of the contract cannot be inconsistent with the Nebraska Natural Gas regulation Act. The PSC retains oversight.
7. A Citizen’s Utility Ratepayer Board is created. Its prime responsibility is to advocate for ratepayers as rates are reviewed and set.
8. A process is outlined through which municipalities and public utilities may negotiate for rates. Utilities may charge interim rates while negotiating with cities.

Financing mechanism:

LB 792 requires that the PSC’s total cost of regulation, less the costs of individual dockets, be assessed by a formula against the public utilities being regulated. The cost of any individual docket is to be assessed only against the public utility involved. The assessment

against all natural gas public utilities is not to exceed the greater of \$100 or two-tenths of one percent of the respective utility's gross operating revenues from intrastate operations.

The act becomes operative on January 1, 2004.

**Principal Introducer:**

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**Senator David M. Landis**